



2015 Minerals Yearbook

BRUNEI [ADVANCE RELEASE]

THE MINERAL INDUSTRY OF BRUNEI

By Spencer D. Buteyn

Brunei Darussalam (Brunei) is located in Southeast Asia on the northwestern end of Borneo Island, where it shares a common border with the Malaysian State of Sarawak. Brunei is one of the highest per capita income countries in the Asia and the Pacific region owing mainly to its significant natural gas and petroleum resources. In addition to natural gas and petroleum resources, Brunei also has small resources of carbonate rocks, coal, kaolin, sand and gravel, and silica sand.

In 2015, Brunei's gross domestic product (GDP), which was valued at \$12.6 billion¹ (BND17.8 billion), decreased by 18% following a 4.3% decrease in 2014. Brunei's exports in 2015 were valued at \$6.16 billion (BND8.71 billion), which was a 35% decrease compared with that of 2014. The country's imports were valued at \$3.15 billion (BND4.45 billion), which was a 2.4% decrease compared with that of 2014. The total value of Brunei's exports decreased by about 35% in 2015. The decrease in the GDP and exports can be attributed to the rapid decline in global petroleum prices in 2014 and 2015. Brunei's natural gas and petroleum sector accounted for about 57% of the country's GDP in 2015, down from 64% in 2014 and 66% in 2013. The output of crude petroleum increased slightly (by 1.2% compared with that of 2014) to about 42.1 million barrels. In 2015, Japan remained the main destination for Brunei's liquefied natural gas (LNG) exports, receiving 64%, followed by the Republic of Korea (20%) and Taiwan (12%). India was the leading destination for Brunei's crude petroleum exports, receiving 24%, followed by Thailand (23%), New Zealand (14%), and the Republic of Korea (11%). Malaysia remained the country's leading import partner in 2015, supplying 21% of Brunei's total imports, followed by Singapore (14%), China (12%), the United States (11%), and the Republic of Korea (9%) (BP p.l.c., 2016, p. 14; Department of Economic Planning, 2016b, p. 11, 23, 27, 29–30, 33; Organization of the Petroleum Exporting Countries, 2016, p. 28).

Production

Cement production increased by about 27%, which can be attributed to the Government's investment in public works projects. Brunei's downward trend in crude petroleum production that began in 2008 had continued through 2014, followed by the slight (1.2%) increase in 2015 (table 1).

Structure of the Mineral Industry

The Petroleum Unit of the Government of Brunei oversees the development of the natural gas and petroleum sector. Brunei National Petroleum Co. Sdn. Bhd. (PetroleumBRUNEI), which is a limited-liability company that is wholly owned

¹Because of fluctuating exchange rates, a meaningful conversion to U.S. currency is impractical. At yearend, however, the 2015 average exchange rate was BND1.4141=US\$1.00 and the 2014 average exchange rate was BND1.2540=US\$1.00.

by the Government, oversees the country's commercial interests in the petroleum and natural gas sector. Brunei Shell Petroleum Company Sendirian Berhad (BSP) is a 50–50 joint venture between Royal Dutch Shell plc of the Netherlands and PetroleumBRUNEI. BSP owned and operated the Seria petroleum refinery, which was the country's sole petroleum refinery (Brunei National Petroleum Co. Sdn. Bhd., 2016; Royal Dutch Shell plc, 2016). Table 2 is a list of Brunei's major mineral industry facilities.

Commodity Review

Industrial Minerals

Cement.—Butra HeidelbergCement Sdn Bhd, which was a joint venture between HeidelbergCement AG of Germany (70%) and PJ Corp. Sdn. Bhd. (30%), operated the country's only cement plant. The cement grinding plant was located in the Serasa Heavy Industrial Zone near Muara and had the capacity to produce 500,000 metric tons per year of cement. The plant was reported to account for about 70% of Brunei's total annual cement consumption; the remainder was met by imports. Domestic cement consumption increased during 2015 owing to several public infrastructure projects, including the Pulau Muara Besar (PMB) Bridge project, the Sungai Kebun Bridge project, and the Temburong Bridge and Viaduct project. Construction of the PMB Bridge began in April 2015; upon completion (expected in 2018), the bridge will be approximately 2.7 kilometers (km) long and will connect the PMB industrial island to the mainland. Construction of the Sungai Kebun Bridge began in January 2014; when completed, the bridge will be 607 meters in length and span the Brunei River, connecting the subdistrict of Lumapas with Bandar Seri Begawan (the capital of Brunei). Construction of the Sungai Kebun Bridge was expected to be completed in mid-2016. The Temburong Bridge and Viaduct would be the first bridge to connect the Brunei-Muara District to the Temburong District (an exclave of Brunei); when completed (planned for 2018), the bridge will be about 30 km in length (Oxford Business Group, 2013; Economist, The, 2014; Shahminan, 2015; Brunei Times, The, 2016; Butra HeidelbergCement Sdn Bhd, 2016; HeidelbergCement AG, 2016a; 2016b, p. 71).

Mineral Fuels

Petroleum.—In August 2015, the leaders of the Governments of Brunei and Malaysia met to finalize an agreement concerning a disputed territory offshore in the South China Sea that affects offshore petroleum development. The territorial dispute began in 2003 when the Governments of Brunei and Malaysia awarded petroleum production-sharing contracts separately for overlapping deepwater exploration blocks (Blocks CA1 and CA2) in the South China Sea. In 2009, the Governments signed

Letters of Exchange, which established maritime boundaries between the two countries and, in 2010, PetroleumBRUNEI and Petroliam Nasional Berhad (PETRONAS)—Malaysia's state-owned petroleum company—signed a production-sharing agreement for Blocks CA1 and CA2. During the August 2015 meeting, the interpretation of the Letters of Exchange was discussed and agreed upon (Oil and Gas Journal, 2010; Hajar, 2015).

Outlook

Brunei's economy is expected to remain heavily reliant on petroleum and natural gas production. The decline in the country's GDP can be attributed to the fall in global crude petroleum prices. Economic growth will remain flat if crude petroleum prices remain low and the production of crude petroleum continues on the downward trend that began in 2008. The Government's Tenth National Development Plan (NDP10), which covers the period from April 2012 to March 2017, aimed to grow the nation's economy by diversifying its economic program beyond the hydrocarbon sector. The NDP10 included investment in public infrastructure projects, such as the construction of the Kargu Dam, the PMB Bridge, and the Sungai Kebun Bridge, as well as the modernization of the Brunei International Airport (Department of Economic Planning and Development, 2016a).

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TABLE 1
BRUNEI: PRODUCTION OF MINERAL COMMODITIES¹

Commodity ²		2011	2012	2013	2014	2015
Cement ^e	thousand metric tons	290	420 ^r	290 ^r	300	380
Gas, natural:						
Gross	million cubic meters	12,955 ^r	12,729	12,388 ^r	12,094	13,250
Marketed	do.	12,683 ^r	12,565	1,206 ^r	11,852	12,450
Petroleum:						
Crude ³	thousand 42-gallon barrels	59,600	57,400	49,300 ^r	41,600	42,100
Refinery products ⁴	do.	4,200	4,400	4,300	4,500 ^e	4,500 ^e

^eEstimated; estimated data are rounded to no more than three significant digits. ^rRevised. do. Ditto.

¹Table includes data available through November 7, 2016.

²In addition to the mineral commodities listed, crude construction materials, such as sand and gravel and other varieties of stone, presumably were produced, but available information was inadequate to make reliable estimates of output.

³Includes condensate.

⁴Includes jet fuel, refinery fuel, and refinery losses.

TABLE 2
BRUNEI: STRUCTURE OF THE MINERAL INDUSTRY IN 2015

(Thousand metric tons unless otherwise specified)

Commodity		Major operating companies and major equity owners	Location of main facilities	Annual capacity ^e
Cement		Butra HeidelbergCement Sdn. Bhd. (HeidelbergCement Group, 70%, and PJ Corp. Sdn. Bhd., 30%)	Serasa Heavy Industrial Zone, near Muara	500
Petroleum, refinery products	barrels per day	Brunei Shell Petroleum Co. Sdn. Bhd. (BSP) (Government, 50%, and Royal Dutch Shell plc, 50%)	Seria petroleum refinery, Belait District of Seria	10,000

^eEstimated; estimated data are rounded to no more than three significant digits.